



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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J. TYLER McCAULEY  
AUDITOR-CONTROLLER

February 14, 2007

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *TM*  
Auditor-Controller

SUBJECT: **CAREER PLANNING CENTER, INC. CONTRACT - WORKFORCE  
INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of Career Planning Center, Inc. (CPC or Agency), a Workforce Investment Act (WIA) Program service provider.

**Background**

The Department of Community and Senior Services (DCSS) contracts with CPC, a private non-profit organization, to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. CPC's offices are located in the Second, Third and Fourth Districts.

CPC is compensated on a cost reimbursement basis. CPC's contract was for \$499,537 for Fiscal Year 2005-2006.

**Purpose/Methodology**

The purpose of the review was to determine whether CPC complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines.

*"To Enrich Lives Through Effective and Caring Service"*

### **Results of Review**

All 20 program participants sampled met the eligibility requirements for the WIA program. However, CPC did not always comply with the WIA and the County contract requirements. Specifically, CPC:

- Did not track the hours staff worked each day by program as required by the County contract.
- Did not complete Individual Employment Plans for nine (45%) of the twenty Adult and Dislocated Worker participants sampled.
- Did not update the Job Training Automation system to report the supportive services provided to seven (88%) of the eight participants who received supportive services.
- Issued checks payable to "CASH" to replenish the petty cash fund which is not allowed.

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with CPC on November 15, 2006. In their attached response, CPC indicated that they have used the same timekeeping process for over 10 years. However, the County contract requires time reports to indicate total hours worked each day by program and specifies that time estimates do not qualify as support for payroll expenditures.

We notified DCSS of the results of our review. We will follow-up our recommendations during next year's monitoring review. We thank CPC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

- c: David E. Janssen, Chief Administrative Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
Vivian Seigal, Chief Executive Officer, Career Planning Center, Inc.  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
CAREER PLANNING CENTER, INC.  
FISCAL YEAR 2005-06**

**ELIGIBILITY**

**Objective**

Determine whether Career Planning Center, Inc. (CPC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 20 (10 from the Adult program and 10 from the Dislocated Worker program) of the 148 program participants that received services from July 2005 through April 2006 for documentation to confirm their eligibility for WIA services.

**Results**

All 20 program participants met the eligibility requirements for the WIA program.

**Recommendation**

There are no recommendations for this section.

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether CPC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for 20 (14%) participants that received services during July 2005 through April 2006. We also interviewed eight program participants to confirm the services CPC billed to the Department of Community and Senior Services (DCSS) were provided.

**Results**

The eight program participants interviewed stated that the services they received met their expectations. However, CPC did not always comply with WIA requirements. Specifically, CPC:

- Did not complete Individual Employment Plans (IEP) for nine (45%) of the twenty Adult and Dislocated Worker participants. The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participants' employment goals, achievement objectives and the services needed to achieve their employment goals. Subsequent to our review, CPC completed the IEPs for the nine participants.
- Did not maintain a copy of the certificate of completion for the training course completed for one (10%) of the ten participants who completed the training course. Subsequent to our review, CPC provided a copy of the certificate of completion for the one participant.
- Did not update the Job Training Automation system to report the supportive services provided to seven (88%) of the eight participants who received supportive services. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

**Recommendations****CPC management:**

1. Ensure that staff complete IEPs for Adult and Dislocated Worker participants.
2. Ensure that certificates of completion are maintained in the participants' case files for training courses completed.
3. Ensure that staff update the JTA system to reflect the participants' program activities.

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed CPC's bank reconciliation for March 2006.

**Results**

CPC properly recorded and deposited revenue in a timely manner. However, CPC made checks payable to "petty cash" to replenish the petty cash fund. The County contract prohibits Agencies to make checks payable to "CASH". CPC should make checks payable to the petty cash custodian to replenish the petty cash fund.

**Recommendation**

4. CPC management ensure that checks to replenish the petty cash fund are made payable to the petty cash fund custodian.

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether the program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 28 (26%) of the 106 non-payroll expenditure transactions billed by the Agency for March 2006, totaling \$13,898.

**Results**

CPC's expenditures were allowable, properly documented and accurately billed to DCSS as required.

**Recommendation**

There are no recommendations for this section.

**INTERNAL CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, to determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

CPC's procurement policy required that only one price quote for purchases under \$10,000. However, WIA guidelines require three price quotes be documented for purchases over \$1,000 and federal guidelines require three bids for purchases over \$5,000. Subsequent to our review, CPC revised its procurement policy to comply with WIA guidelines.

**Recommendation**

- 5. CPC management distribute the revised procurement policy and ensure that staff comply with the revised policy.**

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether CPC's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's equipment inventory listing. In addition, we performed an inventory and reviewed the usage of all 14 (100%) items purchased with WIA funds, totaling \$17,860.

**Results**

CPC used the equipment purchased with WIA funding for the WIA program and the equipment purchased were safeguarded. However, CPC's inventory list did not have the required information, such as funding source, description, location of property, purchase order number, etc. as required by the County contract. Subsequent to our review, CPC provided a revised inventory listing with all the required information with the exception of the purchase order number.

**Recommendation**

- 6. CPC management ensure that the inventory list is updated with the required information.**

## PAYROLL AND PERSONNEL

### Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

### Verification

We traced and agreed the payroll expenses for 19 employees, totaling approximately \$16,078, to the payroll records and time reports for October 2005. We also interviewed one staff assigned to the WIA program and reviewed personnel files for five staff assigned to the WIA program.

### Results

CPC's did not always comply with the County contract. Specifically:

- Employee timecards did not always indicate the hours worked each day by program. Specifically, the first half of the month's timecards indicated the hours worked each day by program. However, the second half of the month's timecards did not. CPC's payroll system replicates the hours worked during the first half of the month for the second half of the month. If the employee time is different the second half of the month, the employee needs to complete a time card adjustment to reflect their actual hours worked. The County contract requires that timecards indicate the hours worked each day by program.
- CPC did not perform the annual performance evaluations for three (60%) of the five employees sampled. The last performance evaluations were performed in 2002.
- CPC did not maintain copies of the employees' driver's licenses in four (80%) of the five employees' personnel files.
- CPC did not maintain proof of auto insurance in all five employees' personnel files.

Subsequent to our review, CPC provided revised timecards that indicated the hours worked each day by program for all 19 employees based on the employees' date books, resulting in CPC under billing DCSS approximately \$260. CPC also provided copies of the employees' driver's license and proof of auto insurance for two employees and copies of the employees' current performance evaluations for three employees.

### **Recommendations**

#### **CPC management:**

- 13. Ensure that the employees' timecards indicate the hours worked each day by program to support the payroll expenses.**
- 14. Ensure that the payroll expenses billed to DCSS are based on actual hours worked.**
- 15. Ensure that annual performance evaluations are performed and that personnel files are kept current with the required information.**

### **COST ALLOCATION PLAN**

#### **Objective**

Determine whether CPC's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

#### **Verification**

We reviewed CPC's Cost Allocation Plan and a sample of expenditures incurred by the Agency March 2006 to ensure that the expenditures were properly allocated to the Agency's programs.

#### **Results**

CPC's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

#### **Recommendation**

**There are no recommendations for this section.**

### **PRIOR YEAR FOLLOW-UP**

#### **Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by a CPA firm contracted by the County.

#### **Verification**

We verified whether the outstanding recommendations from Fiscal Year 2004-05 monitoring review were implemented. The report was issued on January 23, 2006.



**Results**

The prior year's monitoring report contained one recommendation. CPC implemented the one recommendation.

**Recommendation**

**There are no recommendations for this section.**

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December 22, 2006

**TO:** Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

**FROM:** Christina Eddy, CPA, Chief Financial Officer  
Jewish Vocational Service Career Planning Center Division

**SUBJECT: CAREER PLANNING CENTER, INC. CONTRACT - WORKFORCE INVESTMENT ACT PROGRAMS FINDINGS RESPONSE**

Thank you for the information related to your most recent review of our program, fiscal and administrative contract systems by the Auditor Controller pertaining to our WIA (Workforce Investment Act) Adult and Dislocated Programs. We have reviewed the findings and compiled the following comments in response to their report dated November 15, 2006.

**Finding #1**

The eight program participants interviewed stated that the services they received met their expectations. However, CPC did not always comply with WIA requirements. Specifically, CPC:

- Did not complete Individual Employment Plans (IEP) for nine (45%) of the twenty Adult and Dislocated Worker participants. The IEP is an on-going plan jointly developed by the participant and the case manager that identifies the participants' employment goals, achievement objectives and the services needed to achieve their employment goals. Subsequent to our review, CPC completed the IEPs for the nine participants.
- Did not maintain a copy of the certificate of completion for the training course completed for one (10%) of the ten participants who completed the training course. Subsequent to our review, CPC provided a copy of the certificate of completion for the one participant.
- Did not report the program activities for seven (88%) of the eight participants who received supportive services on the Job Training Automation (JTA) system as required. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

**Jewish Vocational Service**

**City Office** 6505 Wilshire Boulevard, Suite 230 • Los Angeles, CA 90048  
Phone 323 / 761 8888 • Fax 323 / 761 8876 • TTY 323 / 761 8101

**Valley Office** 22622 Vanowen Street • West Hills, CA 91367  
Phone 818 / 464 3222 • Fax 818 / 464 3376

**WorkSource Center** 3757 Wilshire Blvd. Promenade 3 • Los Angeles, CA 90010  
Phone 323 / 904 4900 • Fax 323 / 904 4906 • TTY 323 / 904 4906  
Email: askus@jvsle.org • www.jvsle.org



**JVS RESPONSE:**

Since August, 2006, all participant files have underwent a two-tier review to ensure that the IEP's and all other appropriate documentation and data reporting is complete and accurate. For a period of time, CPC experienced a temporary gap in coverage due to reduction in funding and staffing. However, additional responsibilities have been assumed by current management to full comply with all contract requirements.

**Finding #2**

- CPC properly recorded and deposited revenue in a timely manner. However, CPC made checks payable to "petty cash" to replenish the petty cash fund. The County contract prohibits agencies to make checks payable to "CASH". CPC should make checks payable to the petty cash custodian to replenish the petty cash fund.

**JVS RESPONSE:**

We has been unable to locate the exact contract wording that requires that replenishment of petty cash cannot be made out to "petty cash". The act of writing out checks to "petty cash" and not to "cash" has been a common practice of CPC for at least the past ten years, and CPC has never been admonished by any County entity to do anything different. Each request was properly documented, and authorized by the CFO and Director. The custodian of the petty cash was the only one to receive the checks and was responsible for proper documentation of all receipts and cash balances. The custodian did not have check writing, check authorization, or check signing responsibilities. There were nominal replenishments during the year and internal audits were performed periodically of the balance to ensure the cash and receipts tied in the petty cash fund by various staff. No checks were ever made out to "cash" and it was the policy to only have one check outstanding before requesting another replenishment. Since the fiscal departments of CPC and JVS merged this past year, the JVS policy of making petty cash replenishments out to a custodian has prevailed and this is our current policy, in full compliance with all A/C guidelines.

**Finding #3**

- CPC's procurement policy required that only one price quote for purchases under \$10,000. However, WIA guidelines require three price quotes be documented for purchases over \$1,000 and federal guidelines requires three bids for purchases over \$5,000.
- Subsequent to our review, CPC revised its procurement policy to comply with WIA guidelines.

**JVS RESPONSE:** This has been implemented.

**Finding #4**

- CPC used the equipment purchased with WIA funding for the WIA program and the equipment purchased were safeguarded. However, CPC's inventory list did not have the required information, such as funding source, description, brand name, model number, serial number, location of property, property assignment, condition of property, purchase order number, date purchased and/or the unit price as required by the County contract.
- Subsequent to our review, CPC provided a revised inventory listing with all the required information with the exception of the purchase order number.

**JVS RESPONSE:**

Management disagrees with this finding. A physical walkthrough was completed with the A/C and the same information was provided during that walkthrough as during the follow-up interview. Clarification was needed during the exit interview since the person that conducted the walkthrough was not present. JVS Management agrees that purchase orders were not on the list.

**Finding #5**

- CPC's did not always comply with the County contract. Specifically:
- Employee timecards did not always indicate the hours worked each day by program. Specifically, the first half of the month's timecards indicated the hours worked each day by program. However, the second half of the month's timecards did not. CPC's payroll system replicates the hours worked during the first half of the month for the second half of the month. The County contract requires that timecards indicate the hours worked each day by program.
- CPC also did not perform the annual performance evaluations for three (60%) of the five employees sampled. The last performance evaluations were performed in 2002.
- CPC did not maintain copies of the employees' driver's licenses in four (80%) of the five employees' personnel files.
- CPC did not maintain proof of auto insurance in all five employees' personnel files.
- Subsequent to our review, CPC provided revised timecards that indicated the hours worked each day by program for all 19 employees. Based on the revised timecards, CPC under billed DCSS approximately \$260. CPC also

provided copies of the employees' driver's license and proof of auto insurance for two employees and copies of the employees' current performance evaluations for three employees.

**JVS RESPONSE:** Management explained during the A/C meeting that this has been an approved approach to record keeping for over the past 10 years at CPC by the County and City. The payroll expenses that were billed reflect the number of actual hours worked. Timecards are made out for each period and signed by each employee. Changes were made during the second period to reflect vacation, sick time, etc. If the time worked was the same for the second pay period in the month, then the exact same number of hours was duplicated. Management invited the A/C to interview additional staff to ensure those staff worked on the contract for the specified number of hours for the specified payroll dates in question. Since the fiscal departments of JVS and CPC have merged, the new policy, implemented in 2006, is to record time by each day, as the JVS policy for record keeping has prevailed.

Additionally, subsequent to this audit, JVS has hired an experienced HR Manager who will notify Managers and Supervisors when Performance Reviews should be conducted, to ensure timeliness. It should be noted that due to the JVS acquisition of CPC, there has been a transition period, as the performance measurement tool is modified to include requirements for both agencies. The HR Manager is in the process of revising the policy to obtain insurance and driver's licenses on all employees and new hires.

We believe the above responses address all of your concerns, and that we are now in full compliance. If you need any additional information, please don't hesitate to contact me.

Sincerely,



Christina Eddy  
Chief Financial Officer

cc: Vivian Seigel, CEO  
Claudia Finkel, COO  
Angie Cooper, Director  
Adine Forman, Director of Gov't Affairs